

**PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA  
COMMISSION DIRECTIVE**

ADMINISTRATIVE MATTER

☐

DATE

January 03, 2020

MOTOR CARRIER MATTER

☐

DOCKET NO.

2019-184-E

UTILITIES MATTER

☒

ORDER NO.

**SUBJECT:**

DOCKET NO. 2019-184-E - South Carolina Energy Freedom Act (H.3659) Proceeding to Establish Dominion Energy South Carolina, Incorporated's Standard Offer, Avoided Cost Methodologies, Form Contract Power Purchase Agreements, Commitment to Sell Forms, and Any Other Terms or Conditions Necessary (Includes Small Power Producers as Defined in 16 United States Code 796, as Amended) - S.C. Code Ann. Section 58-41-20(A) – Staff Presents for Commission Consideration Southern Alliance for Clean Energy and Southern Coastal Conservation League's Petition for Reconsideration or Rehearing, and Johnson Development Associates, Incorporated and South Carolina Solar Business Alliance, Incorporated's Petition for Reconsideration and/or Limited Rehearing.

**COMMISSION ACTION:**

We received two Petitions for Reconsideration or Rehearing from the parties: one petition was filed by the South Carolina Coastal Conservation League and the Southern Alliance for Clean Energy; the other was from Johnson Development Associates, Incorporated and the South Carolina Solar Business Alliance, Incorporated.

Essentially, the petitions seek reconsideration of five issues:

1. The interim Variable Integration Charge / Embedded Integration Charge.
2. Commission consideration of project-specific mitigation measures for VIC/EIC.
3. The approved energy rates, with consideration of a technology-neutral approach.
4. Capacity value.
5. Purchase Power Agreements with a term longer than 10 years.

To begin, there is some clarification needed regarding the characteristics of the approved Variable Integration Charge and the Embedded Integration Charge. The interim VIC / EIC is, and has always been intended to serve as a temporary rate until more accuracy about the appropriate cost can be had after an integration study is performed. This rate is not intended to bind current or new projects to the interim rate forever – merely until another, more appropriate rate is able to be determined. At that point, the amount of VIC or EIC will be subject to a “true-up,” either up or down, depending on the actual integration cost indicated by the integration study. In the meantime, however, I move that we set the interim rate at \$0.96/MWh as proposed by Witness Burgess. It appears, after further contemplation, that Mr. Burgess's analysis more accurately adjusts the modeling done by the Company, and therefore, provides a rate that more closely reflects the actual cost of integration.

Once again, I would emphasize that this is to be an interim, rather than permanent, rate.

Additionally, the petitioners ask us to require Dominion to propose (for Commission review) mitigation measures that a project may undertake to reduce or eliminate its assessed VIC / EIC charge. If a project agrees to operate in a manner that materially reduces or eliminates the need for additional ancillary service requirements incurred by the utility, including but not limited to QF's with battery storage, then it should be afforded a reduction or waiver of VIC or EIC charges. If a disagreement arises between the utility and a developer, such issue may be brought to this Commission for determination on a case-by-case basis. Therefore, I move that Dominion should file proposed mitigation protocols for Commission consideration that are consistent with the concept I have just outlined within 30 days. If an extension is needed to fully consider what mitigation protocols ought to be offered, then the Company may ask for an extension of time to comply.

The petitioners also ask us to reconsider the approved avoided energy rates and adopt a technology-neutral approach for valuation. Similar to the position of the petitioners, our consult's final report states: "A technology neutral approach is more flexible and reflects actual value for customers in specific hours."

Based on the evidence of record I move that we adopt the PR-Standard Offer **Energy** Rates proposed by Witness Burgess in his prefiled exhibit entitled, "Burgess 2," which has been entered into the record as Hearing Exhibit 10.

The avoided energy numbers should now be:

Peak Season Peak: \$31.05/MWh  
 Peak Season Off-Peak: \$27.51/MWh  
 Off-Peak Season Peak: \$32.52/MWh  
 Off-Peak Season Off-Peak: \$28.93/MWh

As stated in our order, I have concerns that the solar profile rate **must** fully compensate solar generators at an appropriate avoided cost. To ensure that such compensation is being offered, I want to reiterate that the Commission expects and requires a much more detailed and transparent analysis concerning the seasonal and hourly value allocation for solar generation in the next avoided cost case.

We have been asked to reconsider the capacity value afforded solar generation as well. I move that we do reconsider the capacity value approved by this Commission. We approved, upon the recommendation of our consultant, Power Advisory, LLC, an avoided capacity value of 4% for solar. Upon further consideration, I move that we find Mr. Horii's recommended avoided capacity value of 11.8% to be appropriate and reflective of the actual avoided capacity value for solar at this time. Mr. Horii's analysis seems to more accurately representative of the status of installed and potentially avoided generation, and therefore, should be adopted.

Finally, I move that we approve the request for rehearing on the matter of longer-than-10-years duration for Purchased Power Agreements. I think that we would be in a better place to make a wise and more fully informed decision after hearing additional testimony on this issue. The rehearing should be limited narrowly to the contract duration issue and related additional terms and conditions. I move that all parties wishing to participate in the rehearing process should attend a status conference with Commission staff for the purpose of establishing an appropriate procedural schedule for Commission consideration. Such status conference should happen within two weeks of the date of this directive.

We are required to make decisions according to and in compliance with S.C. Code Ann. Section 58-41-20(A), which states: "Any decisions by the commission shall be just and reasonable to the ratepayers of the electrical utility, in the public interest, consistent with PURPA and the Federal Energy Regulatory Commission's implementing regulations and orders, and nondiscriminatory to small power producers; and shall strive to reduce the risk placed on the using and consuming public."

I believe this motion complies with the requirements of that statute.

PRESIDING: Randall

SESSION: Regular

TIME: 10:30 a.m.

	MOTION	YES	NO	OTHER
BELSER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
ERVIN	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<u>Recused</u>
HAMILTON	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
HOWARD	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
RANDALL	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
WHITFIELD	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
WILLIAMS	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<u>Absent</u> Military Leave

(SEAL)

RECORDED BY: J. Schmieding

